



March 29, 2023

Dear Chair Gomez and Members of the House Taxes Committee:

Metro Cities, representing the collective interests of cities in the metropolitan area, appreciates the opportunity to comment on HF 100 (Stephenson) as it is considered by the House Taxes Committee on Thursday.

Metro Cities has specific concerns with the bill related to the responsibility of local governments to implement and enforce state laws and what impacts this legislation will have on local budgets.

The current version of HF 100 requires local governments to register cannabis businesses if they have been licensed by the state and have met certain other requirements. Local governments are also required to conduct compliance checks for every cannabis and hemp business with retail registrations. This responsibility could place increased pressures on already cost-burdened local budgets. The current version of the bill does not include language that limits the number of retail businesses in each jurisdiction. Costs will be especially burdensome for small cities and cities bordering states where adult-use cannabis is illegal.

Metro Cities supports the requirement that the Office of Cannabis Management conduct an annual report that includes information on recommended funding levels for peace officer training. Even if this legislation is successful in eliminating the illicit market, local law enforcement resources will be required to address new challenges such as increased rates of impaired driving.

Cities should share in the revenues from taxation on cannabis products or be authorized to tax cannabis sales locally. HF 100 must recognize the additional financial and staffing pressures adult-use cannabis legalization will put on cities and local law enforcement, as is the case when local governments are required to implement and enforce state laws. Without funding for local governments Minnesota would become an outlier among states that have legalized adult-use cannabis.

Metro Cities stands ready to work with the bill's author, members of this committee, and other stakeholders to ensure the needs of local governments are addressed.

Thank you for your consideration of this letter. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Mike Lund". The signature is written in a cursive, flowing style.

Mike Lund
Government Relations Specialist
Metro Cities